

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 02403 01 OF 02 211012Z
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-06 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 PRS-01 AGRE-00 IO-13 /095 W
-----099719 211017Z /11

R 211007Z JAN 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 4549

LIMITED OFFICIAL USE SECTION 01 OF 02 CAIRO 02403

E.O. 11652: N/A
TAGS:EFIN, IBRD, EG
SUBJ: IBRD'S MCNAMARA ON BANK RELATIONS WITH EGYPT, NEXT
- CONSULTATIVE GROUP MEETING

1. SUMMARY: WORLD BANK PRESIDENT AND ME VICE PRESIDENT, ON VISIT TO EGYPT, HAVE INDICATED TO AMBASSADOR SUBSTANTIAL IBRD SUPPORT FOR GOE DEVELOPMENT EFFORTS WILL CONTINUE. IBRD LEADERSHIP IS CONCERNED ABOUT NEED FOR FURTHER ATTENTION BY GOVERNMENT TO INVESTMENT PRIORITIES AND POPULATION PROBLEMS, HOWEVER. CONSULTATIVE GROUP MEETING IN JUNE IS BEING DESIGNED BY BANK TO GET DOWN TO SPECIFICS OF PROJECT REQUIREMENTS AND EGYPTIAN DEVELOPMENT POLICIES. END SUMMARY.

2. IBRD PRESIDENT MCNAMARA ARRIVED CAIRO JANUARY 19 FOR FIRST VISIT TO EGYPT SINCE 1974. (BANK TEAM WAS ALREADY IN TOWN FOR DISCUSSION OF SIX-VOLUME DRAFT STUDY ON ECONOMY.) MCNAMARA WILL VISIT VARIOUS PROJECT SITES IN CANAL AREA AND UPPER EGYPT. HE MET JANUARY 20 WITH PM SALEM AND WITH DEPPRIMIN KAISOUNI, MINECON EL SAYEH, MINFIN HAMED AND CENTRAL BANK GOVERNOR IBRAHIM. MCNAMARA EXPECTS TO CALL ON PRESIDENT SADAT, ALTHOUGH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 02403 01 OF 02 211012Z

APPOINTMENT IS NOT FIXED.

3. PRESS ON JANUARY 20 CARRIED PREDICTABLE ARTICLES ON PLEDGES OF SUBSTANTIAL IBRD AID FOR FIVE-YEAR PLAN.

4. IN SESSION WITH AMBASSADOR AND E/C COUNSELOR EVENING OF 19TH, MCNAMARA, ALONG WITH REGIONAL VP BENJENK,

REVIEWED RECENT COURSE OF IBRD RELATIONSHIPS WITH GOE. IBRD OFFICIALS NOTED THEIR LENDING IN RECENT YEARS TO EGYPT HAD INCREASED NEARLY TENFOLD ON ANNUAL BASIS (TO CURRENT LEVEL OF ABOUT \$270 MILLION) AS RESULT OF DIRECT APPEAL BY SADAT AND BANK'S UNDERSTANDING THAT POLICY CHANGES AND MAJOR IMPROVEMENTS IN MANAGEMENT OF ECONOMY WOULD BE UNDERTAKEN. MCNAMARA INDICATED BANK'S GENERAL SATISFACTION THUS FAR WITH GOE PERFORMANCE, EVEN THOUGH VARIOUS ASPECTS OF REFORM PROGRAM ARE INCOMPLETE.

5. IBRD PRESIDENT COMMENTED PRIVATELY TO AMBASSADOR THAT BANK WOULD BE WILLING FURTHER TO EXPAND LENDING ACTIVITIES (A POINT HE HAS NOT RAISED WITH EGYPTIANS) IF GOE WILL PROCEED WITH ADDITIONAL REFORMATION OF ITS DEVELOPMENT-RELATED ACTIVITIES. MOST IMPORTANT AMONG THESE ARE INSTITUTION OF EFFECTIVE FAMILY PLANNING PROGRAM AND TIGHTENING UP FIVE-YEAR PLAN. MCNAMARA SAID HE HAS BECOME INCREASINGLY CONVINCED THAT EGYPT IS AMONG SOME HALF-DOZEN DEVELOPING NATIONS IN WHICH POPULATION CONTROL IS ABSOLUTE PRECONDITION FOR ECONOMIC PROGRESS. HE IS NOT REASSURED AS TO EGYPTIAN OFFICIAL-
DOM'S CURRENT ATTITUDES ON THIS PROBLEM. HIS ASSESSMENT OF DEVELOPMENT PLAN, ON BASIS OF PRELIMINARY STUDY BY IBRD STAFF, IS THAT IT IS FAR TOO DIFFUSE IN ITS PRESENT FORM WITH RESPECT TO INVESTMENT PRIORITIES. MCNAMARA PERSONALLY BELIEVES PLAN WILL PERMIT, OR LEAD TO, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 02403 01 OF 02 211012Z

MISINVESTMENT. HE IS PARTICULARLY OPPOSED TO HORIZONTAL PROJECT INVESTMENT IN AGRICULTURE, WHICH IS BY ITS VERY NATURE A HEAVY DRAIN ON RESOURCES AND WHICH SHOULD NOT THEREFORE TAKE PRIORITY OVER MULTITUDINOUS OTHER REQUIREMENTS AT LEAST AS PRESSING.

6. BENJENK COMMENTED AT SOME LENGTH ON ROLE OF IBRD-SPONSORED CONSULTATIVE GROUP IN EGYPTIAN DEVELOPMENT PICTURE. HE MADE POINT THAT, WHILE FIRST MEETING, IN MAY 1977, WAS FOR PURPOSE OF STANCHING FINANCIAL "HEMORRHAGE" AND THUS SOMEWHAT BROADLY FOCUSSED TO ALLOW EXCHANGE OF INFORMATION BETWEEN DONORS AND GOE, BANK INTENDS THAT JUNE 1978 TALKS BE MUCH MORE FOCUSSED AND SPECIFIC AS TO PROJECT REQUIREMENTS AND GOE POLICIES IN SUPPORT OF DEVELOPMENT EFFORT. BENJENK IS FORMULATING AGENDA, WHICH HE HAD DISCUSSED WITH KAISSOUNI EARLIER IN DAY, APPROPRIATE TO THIS PURPOSE AND IS BEGINNING CONSULTATIONS ALONG THESE LINES WITH CERTAIN OF DONORS (HE AND MCNAMARA WILL BE DISCUSSING THESE QUESTIONS ON CONTINUATION OF TRIP, WITH FIRST STOP IN SAUDI ARABIA). HE HOPES TO ENCOURAGE MORE ACTIVE PARTICIPATION IN NEXT SESSION BY THOSE DONORS WHO WERE LARGELY SILENT AT 1977

MEETING, ESPECIALLY SAUDIS AND WESTERN EUROPEAN REPRESENTATIVES. BANK HAS DECIDED TO INVITE GOE MINISTERS OF INDUSTRY AND AGRICULTURE TO NEXT MEETING. BENJENK REMARKED FURTHER THAT EGYPT WILL BE REQUIRED TO COME UP WITH AUTHORITATIVE PRESENTATION OF PRIORITY PROJECTS; HE NOTED THAT FUNDING FOR CAPITAL PROJECTS IS LESS A PROBLEM THAN CLEAR GOE DETERMINATION OF ITS LONG-RANGE NEEDS.

7. COMMENT: MCNAMARA'S REMARKS INDICATE STRONG COMMITMENT BY IBRD TO SUPPORT OF EGYPTIAN DEVELOPMENT EFFORTS OVER NEXT FEW YEARS, BUT CAUTIONARY NOTE IS STRUCK BY HIS EMPHASIS ON NEED FOR RATIONALIZATION OF INVESTMENT PLANS

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 CAIRO 02403 02 OF 02 211013Z
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-06 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 PRS-01 AGRE-00 IO-13 /095 W
-----099732 211016Z /11

R 211007Z JAN 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 4550

LIMITED OFFICIAL USE SECTION 02 OF 02 CAIRO 02403

AND ATTACK ON POPULATION PROBLEM. THESE ARE, OF COURSE, IMPEDIMENTS TO ECONOMIC PROGRESS THAT NEED TO BE AIRED AND TO BE NOT ONLY UNDERSTOOD BUT ALSO ACKNOWLEDGED AND DEALT WITH BY GOE. JUNE MEETING AT PARIS APPARENTLY WILL BE DESIGNED BY IBRD TO FORCE OPEN DISCUSSION OF THESE AND RELATED ISSUES. EILTS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, COMMITTEE MEETINGS, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CAIRO02403
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780032-0728
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780137/aaaabfed.tel
Line Count: 160
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: af0e25e1-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3735401
Secure: OPEN
Status: NATIVE
Subject: IBRD'S MCNAMARA ON BANK RELATIONS WITH EGYPT, NEXT - CONSULTATIVE GROUP MEETING
TAGS: EFIN, EG, IBRD, (MCNAMARA, ROBERT)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/af0e25e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014